



United States
Department of
Agriculture

Food and
Nutrition
Service

Mountain
Plains
Region

1244 Speer Boulevard
Denver, CO
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JUL 01 2003

Reply to
Attn of:

CACFP-708

Subject: Assessing Interest in the Child and Adult Care Food Program (CACFP)
Questions and Answers (Q & As)

To: STATE AGENCY DIRECTORS - Colorado DPHE, Iowa, Kansas, Missouri DHHS,
(Special Nutrition Programs) Montana DPHHS, Nebraska, North Dakota,
South Dakota, Utah and Wyoming

On April 23, 2003, we forwarded to you a list of Q & As regarding the assessment of interest in the CACFP via our policy CACFP-697. Attached are additional questions. We ask that you share them with the appropriate personnel in your state that work with the financial management side of the CACFP. We stated in CACFP-697 that some questions were answered by the Child Nutrition Division in Headquarters and some by the Financial Management Division (FMD). The attached Q & As were answered by FMD.

If you have a Program question, please contact a member of the CACFP staff at 303-844-0359. If there is a financial management question, please contact Dale Zimmerman at 303-844-0315.

Darlene Sanchez

DARLENE SANCHEZ
Regional Director
Special Nutrition Programs

Attachment

Child and Adult Care Food Program (CACFP)
Questions and Answers (Q & As)
Assessing Interest in the CACFP
June 2003

1. Q: How should State Agencies (SA) report the interest?

A: SAs should report the interest with every check that they submit. SAs need to give a breakdown (on the check stub) of what portion of the check should be applied to interest and what portion should be applied to the principal. If the interest is being collected through ASAP, the Regional Office (RO) will set up two receivables (one for principal and one for interest). Again, SAs will need to forward the RO a written notification (e.g. email) dictating what amount should be interest and what amount should be principal.

2. Q: How often should SAs forward collections?

A: SAs should forward debt collections consistent with their internal guidelines and operating agreements with ROs. At a minimum, all collections and interest received during the year should be forwarded at the end of the Federal fiscal year (FFY).

CACFP regulations do not specify the frequency with which SAs report collections, and, without specific regulations, FNS cannot impose a reporting interval that is more frequent than required for FFY reconciliation. The state's Finance Officer may impose internal standards for more frequent reporting.

3. Q: When returning funds through ASAP, does a separate code, for interest, need to be set up in ASAP?

A: No. There is no separated code in ASAP for interest. When returning funds in ASAP the total amount, principal and interest is returned via a negative draw. The SA must provide the RO the breakout of the principal and interest (e.g. email).

4. Q: How will the interest be shown on various IPAS reports, such as the 212?

A: The interest will not show up on the IPAS 212 report.

5. Q: Can the interest on Program debts be treated as Program income and reported on the SF-269?

A: Interest on Program (grant) debts cannot be treated as Program income. On the SF-269, the interest must be reported in the "Remarks" section (e.g. "Interest collected = \$8.23"). The principal must be reported as a negative amount on Line B "Total outlays this report period". In addition to the reporting on the SF-269, a negative draw will need to be created in ASAP. Please coordinate with the RO before performing the negative draw to ensure the proper accounting transactions are established and to make sure that the proper credit is forthcoming to your office.

6. Q: Is there any difference in reporting interest on a current year claim vs. a prior year claim?

A: Since all interest goes back to Treasury, you will still have to break out the principal vs. interest for both current year and prior year claims. For current year claims, since the SA can recycle the funds there will be no principal receivable to establish. A new interest receivable t-code has been created to address this issue. The region will use t-code 818 (Non-Federal Interest No A/R Original) to create an interest receivable. A reference document (for the principal) will not be required.